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## **NEWS RELEASE**

For Immediate Release

November 25, 2002

### **STATE DEPARTMENT OF FINANCE SUES IDAHO FALLS INVESTMENT PROMOTER**

#### **Idahoan Accused of Securities Fraud And Other Violations In “Day-Trading” Scheme**

Boise, Idaho . . . Gavin Gee, Director of the Idaho Department of Finance announced the filing of a civil securities lawsuit against Robert McClung and two entities controlled by him. Named in the action are McClung, Spenlee, Inc, a Nevada corporation and RRLM, a purported Nevada limited partnership. McClung and both entities are alleged to operate from Idaho Falls, Idaho. The case was filed in Seventh District Court in Idaho Falls.

The lawsuit alleges that the defendants offered and sold investment interests in RRLM. Under the direction of McClung, investors were told that RRLM would effect securities “day-trading” for a profit. The securities were not registered in Idaho and the defendants were not licensed to sell securities in Idaho or registered to give investment advice.

The State also alleges that misrepresentations and omissions were made in connection with the securities offering. More specifically, the complaint alleges that the defendants:

- a) misrepresented that McClung and RRLM had a history of profitably engaging in securities day-trading;
- b) misrepresented that McClung would be compensated on the basis of trading profits when McClung effectively converted more than \$600,000 to an account in the names of Spenlee, Inc. and Robert McClung, although no day-trading profits had been realized;
- c) misrepresented to investors and prospective investors that RRLM investors were realizing profits by producing and distributing false client account statements that reported significant trading profits;
- d) failed to inform investors of the true day-trading results realized by RRLM under the management of McClung and Spenlee, Inc.; and

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e) failed to disclose to offerees and investors that any profits or principle previously distributed to investors were illusory and not based on the actual investment results realized by RRLM.

The State's lawsuit seeks an order from the court permanently enjoining the defendants from future violations of the securities laws, limitations on future business activities and restitution to affected investors, as well as civil penalties and attorney fees. More than 100 investors are believed to have subscribed for more than \$2 million in RRLM investment interests.

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